


File

CANADIAN GENERAL INVESTMENTS LIMITED

1968

Annual Report

D E C E M B E R 3 1 , 1 9 6 8



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Cana1486_1968

CANADIAN GENERAL INVESTMENTS LIMITED

Board of Directors

JOHN D. BARRINGTON	EDWARD F. RYAN
ALEX. E. BARRON	M. O. SIMPSON, JR.
DAVID L. CAMPBELL	J. ALLYN TAYLOR
A. BRUCE MATTHEWS, C.B.E., D.S.O.	COLIN W. WEBSTER
M. C. G. MEIGHEN, O.B.E.	MARTIN L. WILLS
T. R. MEIGHEN, Q.C.	DONALD J. A. WRIGHT

Officers

M. C. G. MEIGHEN, O.B.E.	President
ALEX. E. BARRON	Vice-President and Treasurer
MARTIN L. WILLS	Vice-President and Assistant-Treasurer
E. LOUISE MORGAN	Secretary

Auditors

PRICE WATERHOUSE & CO.	Toronto
------------------------	---------

Registrar and Transfer Agent

THE CANADA TRUST COMPANY	Toronto
--------------------------	---------

Office of Company

110 YONGE STREET, SUITE 1702 (Telephone 366-2932)	Toronto
---	---------

CANADIAN GENERAL INVESTMENTS LIMITED

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting the Annual Report of your Company for the year ended December 31, 1968, consisting of the Balance Sheet, and Statements of Income and Expense, Surplus, and Changes in Net Assets, all as reported upon by your Company's Auditors.

The Balance Sheet discloses that the total assets of the Company, as at December 31, 1968 amounted to \$40,555,376. Marketable securities held by your Company were carried on the books of the Company at \$37,760,052. The indicated market value of these securities, as at December 31, 1968, was \$93,663,179. The indicated market value, therefore, exceeded the book value by \$55,903,127. If this amount is added to the assets, the total assets of the Company amount to \$96,458,503. From this amount should be deducted the total liabilities of the Company, namely, \$3,055, which leaves a net value of \$96,455,448. Based on the 960,941 common shares outstanding, as at December 31, 1968, each common share had an apparent equity value of approximately \$100.38.

The Statement of Income and Expense discloses that your Company, after paying all expenses, had net income for the year of \$2,748,887, which is equivalent to \$2.86 for each of the outstanding common shares.

During 1968 shareholders received stock dividends totalling \$2.40 per share in the form of immediately redeemable second preference shares as follows: 60¢ on March 28th; 60¢ on June 27th; 60¢ on September 27th and 60¢ on December 30th.

The Directors have declared a quarterly dividend consisting of two redeemable preference shares with a par value of 20¢ each, plus an extra of one redeemable preference share with a par value of 20¢, on each of the outstanding common shares, payable on March 27, 1969 to shareholders of record as of the close of business March 14, 1969. The preference shares to be issued as a stock dividend will be redeemed on March 28, 1969.

During the year Dr. F. R. Bennetto tendered his resignation as a Director of the Company due to ill health. Dr. Bennetto joined the Board in 1933 and has rendered invaluable service to the Company. His wise and courteous counsel will be missed.

The portfolio of investments, as at December 31, 1968, is to be found at the back of this report.

Submitted on behalf of the Board.

M. C. G. Meighen

President

TORONTO, January 27, 1969.

C A N A D I A N G E N E R A L

Balance Sheet

<i>Assets</i>	December 31	
	1968	1967
Investments in Shares (Note 1):		
Securities having a quoted market value - - - - -	\$37,760,052	\$38,982,178
(Value based on market quotations as at—		
December 31, 1968—\$93,663,179		
December 31, 1967—\$75,403,829)		
Securities not having a quoted market value - - - - -	123,622	123,622
	37,883,674	39,105,800
Cash in Bank - - - - -	2,671,702	35,487
	<u>\$40,555,376</u>	<u>\$39,141,287</u>
<i>Liabilities</i>		
Securities Purchased - - - - -	\$ —	\$ 52,292
Income Taxes Payable - - - - -	3,055	1,160
	3,055	53,452
Capital and Surplus:		
Capital stock—		
Authorized (Note 2)—		
59,640,478 3% non-cumulative non-voting preference shares with a par value of 20¢ each redeemable at the amount paid up thereon		
1,000,000 common shares without par value		
Issued and outstanding—		
960,941 common shares - - - - -	24,023,525	24,023,525
Surplus - - - - -	16,528,796	15,064,310
	<u>40,552,321</u>	<u>39,087,835</u>
	<u>\$40,555,376</u>	<u>\$39,141,287</u>

APPROVED ON BEHALF OF THE BOARD:

A. BRUCE MATTHEWS, *Director*

M. C. G. MEIGHEN, *Director*

Auditors' Report to the Shareholders of

CANADIAN GENERAL INVESTMENTS LIMITED:

We have examined the balance sheet of Canadian General Investments Limited as at December 31, 1968 and the statements of income and expense, surplus and changes in net assets for the year then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at December 31, 1968 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, with which we concur, referred to in Note 3 to the financial statements.

TORONTO, January 9, 1969.

PRICE WATERHOUSE & Co.
Chartered Accountants.

I N V E S T M E N T S L I M I T E D

Statement of Income and Expense

	For the year ended December 31	
	1968	1967
Income:		
Dividends received - - - - -	\$ 2,938,894	\$ 2,855,457
Less—Allowance for depletion (Note 3) - - - - -	—	93,680
	2,938,894	2,761,777
Interest earned - - - - -	37,269	28,123
	2,976,163	2,789,900
Expense:		
Management fee - - - - -	188,772	173,282
Directors' fees - - - - -	6,200	5,100
Miscellaneous - - - - -	26,304	13,147
	221,276	191,529
Net income before provision for income taxes - - - - -	2,754,887	2,598,371
Provision for income taxes - - - - -	6,000	3,910
Net income for the year (Note 3)- - - - -	\$ 2,748,887	\$ 2,594,461
Net income for the year per common share - - - - -	\$2.86	\$2.70

Statement of Surplus

	For the year ended December 31	
	1968	1967
Balance at beginning of year - - - - -	\$15,064,310	\$15,200,620
Net income for the year - - - - -	2,748,887	2,594,461
Net profit (loss) on investments sold - - - - -	1,375,726	(73,820)
	19,188,923	17,721,261
Dividends paid on common shares in preference shares subsequently redeemed -	2,306,258	2,306,258
Tax paid under Section 105(2) of the Income Tax Act - - - - -	353,869	350,693
	2,660,127	2,656,951
Balance at end of year - - - - -	\$16,528,796	\$15,064,310
Dividends paid per common share - - - - -	\$2.40	\$2.40

CANADIAN GENERAL INVESTMENTS LIMITED

Statement of Changes in Net Assets

	For the year ended December 31	
	1968	1967
Net assets at beginning of year - - - - -	\$39,087,835	\$39,224,145
Add:		
Net income for the year - - - - -	2,748,887	2,594,461
Net profit (loss) on investments sold - - - - -	1,375,726	(73,820)
	<u>43,212,448</u>	<u>41,744,786</u>
Less:		
Dividends paid - - - - -	2,306,258	2,306,258
Tax paid under Section 105(2) of the Income Tax Act - - - - -	353,869	350,693
	<u>2,660,127</u>	<u>2,656,951</u>
Net assets at end of year - - - - -	<u>\$40,552,321</u>	<u>\$39,087,835</u>
Net profit (loss) on investments sold:		
Investments in shares at beginning of year - - - - -	\$39,105,800	\$38,916,325
Add—Purchase of investments during year - - - - -	1,966,537	671,882
	<u>41,072,337</u>	<u>39,588,207</u>
Less:		
Allowance for depletion (Note 3) - - - - -	—	93,680
Investments in shares at end of year - - - - -	37,883,674	39,105,800
	<u>37,883,674</u>	<u>39,199,480</u>
Investments sold during year - - - - -	3,188,663	388,727
Proceeds from sale of investments during year - - - - -	4,564,389	314,907
Net profit (loss) on investments sold - - - - -	<u>\$ 1,375,726</u>	<u>\$ (73,820)</u>
Apparent liquidating value per share:		
At beginning of year - - - - -	<u>\$ 78.58</u>	<u>\$72.13</u>
At end of year - - - - -	<u>\$100.38</u>	<u>\$78.58</u>

CANADIAN GENERAL INVESTMENTS LIMITED

Notes to the Financial Statements

DECEMBER 31, 1968

1. The carrying value of investments in shares is as follows:

- (a) Shares purchased prior to 1952 are at cost or at market value in 1952 when a portion of the portfolio was written up to approximate market value as part of a capital reorganization.
- (b) Shares purchased since 1952 have been recorded at cost.

In addition, the above carrying values have been reduced by the following:

- (a) Allowances recorded prior to 1968 for depletion on securities where the Government of Canada granted such allowances.
- (b) Stock dividends received where such dividends were paid out of accumulated surplus over and above the normal dividend.

Profits (or losses) on sales of investments have been taken at the difference between the proceeds received and the average net carrying value at the date of sale.

The indicated market values of portfolio holdings are the result of pricing the company's holdings at the closing quoted market prices as at December 31. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations.

2. By supplementary letters patent dated November 5, 1968 the authorized capital of the company was increased by the creation of 60,000,000 additional 3% non-cumulative non-voting preference shares with a par value of 20¢ each. During the year ended December 31, 1968 11,531,292 preference shares were issued and redeemed.
3. In prior years, the company's practice was to record depletion on securities where the Government of Canada granted such allowances. The resulting charge to income was applied to reduce the carrying values of the securities concerned. Since the indicated market value of the company's investments is substantially in excess of their carrying value, the directors have decided that it is no longer appropriate to provide for depletion and this practice has been discontinued in 1968. The net income for the year ended December 31, 1968, but for this change, would have amounted to approximately \$2,591,500 or \$2.70 per common share.
-

CANADIAN GENERAL INVESTMENTS LIMITED

Summary by Industry

INDUSTRY	VALUE AS OF DEC. 31, 1968	PERCENT OF PORTFOLIO
Banks and Trust Companies - - - - -	\$13,604,063	14.5
Industrial Management - - - - -	13,241,750	14.1
Steel - - - - -	10,409,651	11.1
Business Forms - - - - -	8,995,000	9.6
Investment Trusts - - - - -	7,824,000	8.4
Beverages - - - - -	7,326,000	7.8
Merchandising - - - - -	6,940,000	7.4
Metals - - - - -	6,500,625	7.0
Packing - - - - -	4,528,125	4.8
Oils - - - - -	3,925,500	4.2
Pipelines - - - - -	2,177,500	2.3
Forest Products - - - - -	2,103,750	2.3
Miscellaneous - - - - -	1,876,215	2.0
Utilities - - - - -	1,391,250	1.5
Metal Products - - - - -	1,350,000	1.4
Textiles and Chemicals - - - - -	826,000	.9
Finance - - - - -	643,750	.7
	<hr/>	<hr/>
	\$93,663,179	100.0

CANADIAN GENERAL INVESTMENTS LIMITED

Portfolio of Investments

AS AT DECEMBER 31, 1968

No. of Shares							Total Market Value \$	% of Portfolio	No. of Shares							Total Market Value \$	% of Portfolio		
	Banks and Trust Companies						13,604,063	14.5		Industrial Management						13,241,750	14.1		
12,500	Bank of Montreal	-	-	-	-	-	207,813		169,000	Argus Corporation	-	-	-	-	-	3,295,500			
10,000	Bank of Nova Scotia	-	-	-	-	-	265,000		730,000	Argus Corporation									
675,000	Huron and Erie Mortgage Corporation	-	-	-	-	-	11,306,250			Class "C" Prefd.	-	-	-	-	-	9,946,250			
5,000	Provincial Bank of Canada	-	-	-	-	-	52,500		Note: Argus Corporation holds shares in the following companies: British Columbia Forest Products, Dominion Stores, Domtar Limited, Hollinger Mines, Massey-Ferguson and Standard Radio.										
50,000	Royal Bank of Canada	-	-	-	-	-	1,325,000												
20,000	Toronto-Dominion Bank	-	-	-	-	-	447,500												
	Beverages						7,326,000	7.8		Investment Trusts						7,824,000	8.4		
104,000	Distillers Corporation-Seagrams	-	-	-	-	-	5,226,000		652,000	Third Canadian General Investment Trust	-	-	-	-	-	7,824,000			
50,000	Hiram Walker-Gooderham and Worts	-	-	-	-	-	2,100,000												
	Business Forms						8,995,000	9.6		Merchandising						6,940,000	7.4		
280,000	Moore Corporation	-	-	-	-	-	8,995,000		65,000	Canadian Tire Corporation "A" Prefd.	-	-	-	-	-	4,160,000			
	Finance						643,750	.7		7,000	Cochrane-Dunlop Hardware	-	-	-	-	245,000			
25,750	Industrial Acceptance Corporation	-	-	-	-	-	643,750		60,000	Simpsons	-	-	-	-	-	2,160,000			
	Forest Products						2,103,750	2.3	20,000	Woodward Stores Limited	-	-	-	-	-	375,000			
20,000	Maclaren Power & Paper Class "A"	-	-	-	-	-	370,000												
25,000	Maclaren Power & Paper Class "B"	-	-	-	-	-	462,500			Metal Products						1,350,000	1.4		
45,000	MacMillan, Bloedel Ltd.	-	-	-	-	-	1,271,250		100,000	Hayes Dana Ltd.	-	-	-	-	-	1,350,000			

C A N A D I A N G E N E R A L I N V E S T M E N T S L I M I T E D

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	Metals	6,500,625	7.0		Steel	10,409,651	11.1
	(a) Base Metals	2,205,000	2.4	220,000	Algoma Steel Corporation - - -	4,400,000	
60,000	Cominco Limited - - - - -	2,205,000		194,700	Dominion Foundries & Steel -	4,551,113	
				55,300	Steel Company of Canada - - -	1,458,538	
	(b) Other Metals and Minerals	4,295,625	4.6				
60,000	Alcan Aluminium Ltd. - - - -	1,717,500			Textiles and Chemicals	826,000	.9
62,500	International Nickel Co. of Canada - - - - -	2,578,125		16,000	Canadian Industries - - - - -	236,000	
				13,000	Dominion Textile - - - - -	195,000	
				20,000	Union Carbide - - - - -	395,000	
	Oils	3,925,500	4.2				
40,000	Imperial Oil - - - - -	3,300,000			Utilities	1,391,250	1.5
36,000	D. A. Stuart Oil - - - - -	625,500		70,000	Consumers' Gas - - - - -	1,391,250	
	Packing	4,528,125	4.8				
225,000	Canada Packers Limited - - -	4,528,125			Miscellaneous	1,876,215	2.0
				5,000	Maple Leaf Mills - - - - -	90,000	
	Pipelines	2,177,500	2.3	24,000	Southam Press Limited - - - -	1,350,000	
80,000	Interprovincial Pipe Line - - -	1,600,000		6,765	Traders' Building Association -	263,835	
15,000	Trans-Canada Pipe Lines - - -	577,500		5,070	United Canadian Shares - - -	172,380	

File

CANADIAN GENERAL INVESTMENTS LIMITED

110 YONGE STREET - SUITE 1702

TORONTO 1, ONTARIO

SEMI-ANNUAL REPORT

JUNE 30, 1968

BOARD OF DIRECTORS

ALEX E. BARRON
Vice-President and Treasurer

D. L. CAMPBELL

A. BRUCE MATTHEWS, C.B.E., D.S.O.

M. C. G. MEIGHEN, O.B.E.
President

T. R. MEIGHEN, Q.C.

E. LOUISE MORGAN
Secretary

EDWARD F. RYAN

M. O. SIMPSON, JR.

J. ALLYN TAYLOR

COLIN W. WEBSTER

MARTIN L. WILLS
Vice-President and Assistant Treasurer

D. J. A. WRIGHT

REGISTRAR AND TRANSFER AGENT

THE CANADA TRUST COMPANY

110 YONGE STREET

TORONTO 1

CANADIAN GENERAL INVESTMENTS LIMITED

BALANCE SHEET

	June 30	
	1968	1967
ASSETS		
Investments in shares (see Notes):		
Securities having a quoted market value	\$39,067,797	\$39,004,560
(Value based on market quotations as at		
June 30, 1968—\$80,891,671		
June 30, 1967—\$79,674,702)		
Securities not having a quoted market value	123,622	—
	39,191,419	39,004,560
Short term securities, at cost plus accrued interest	475,535	226,832
Cash in bank	32,276	—
Income taxes recoverable	490	—
	<u>\$39,699,720</u>	<u>\$39,231,392</u>
LIABILITIES		
Bank indebtedness	\$ —	\$ 46,272
Securities purchased	446,012	—
Income taxes payable	—	1,760
	446,012	48,032
Capital and Surplus:		
Capital Stock:		
Authorized—		
5,406,124 3% non-cumulative non-voting preference shares with a par value of 20¢ each redeemable at the amount paid up thereon, after the issue and redemption during the six months ended June 30, 1968 of 5,765,646 shares		
1,000,000 common shares without par value		
Issued and outstanding—		
960,941 common shares	24,023,525	24,023,525
Surplus	15,230,183	15,159,835
	39,253,708	39,183,360
	<u>\$39,699,720</u>	<u>\$39,231,392</u>
Apparent liquidating value per share	<u>\$ 84.37</u>	<u>\$ 83.10</u>

AUDITORS' REPORT

To the Directors of

CANADIAN GENERAL INVESTMENTS LIMITED:

We have examined the balance sheet of Canadian General Investments Limited as at June 30, 1968 and the statements of income and expense, surplus and source and application of funds for the six months then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at June 30, 1968 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at June 30, 1968 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, July 9, 1968.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

CANADIAN GENERAL INVESTMENTS LIMITED

STATEMENT OF INCOME AND EXPENSE

	For the Six Months ended June 30	
	1968	1967
Income:		
Dividends received	\$ 1,395,726	\$ 1,420,810
Less—Allowance for depletion	85,023	42,765
	<u>1,310,703</u>	<u>1,378,045</u>
Interest earned	8,485	16,359
	<u>1,319,188</u>	<u>1,394,404</u>
Expense:		
Management fee	94,386	86,640
Directors' fees	2,800	2,700
Miscellaneous	13,783	10,808
	<u>110,969</u>	<u>100,148</u>
Net income before provision for income taxes	1,208,219	1,294,256
Provision for income taxes	—	1,515
Net income for the period	<u>\$ 1,208,219</u>	<u>\$ 1,292,741</u>

STATEMENT OF SURPLUS

	For the Six Months ended June 30	
	1968	1967
Balance at beginning of period	\$15,064,310	\$15,200,620
Net income for the period	1,208,219	1,292,741
Net profit on investments sold	289,923	—
	<u>16,562,452</u>	<u>16,493,361</u>
Dividends paid on common shares in preference shares subsequently redeemed	1,153,129	1,153,129
Tax paid under Section 105(2) of the Income Tax Act	179,140	180,397
	<u>1,332,269</u>	<u>1,333,526</u>
Balance at end of period	<u>\$15,230,183</u>	<u>\$15,159,835</u>

CANADIAN GENERAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1968

The carrying value of investments in shares is as follows:

- (a) Shares purchased prior to 1952 are at cost or at market value in 1952 when a portion of the portfolio was written up to approximate market value as part of a capital reorganization.
- (b) Shares purchased since 1952 have been recorded at cost.

In addition, the above carrying values have been reduced by the following:

- (a) Allowance for depletion on securities where the Government of Canada grants such allowances;
- (b) Stock dividends received where such stock dividends were paid out of accumulated surplus over and above the normal dividend.

Profits (or losses) on sales of investments have been taken at the difference between the proceeds received and the average net carrying value at the date of sale.

The indicated market values of portfolio holdings are the result of pricing the company's holdings at the closing quoted market prices as at June 30. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	For the Six Months ended June 30	
	1968	1967
Source of funds:		
Net income for the period	\$ 1,208,219	\$ 1,292,741
Add: Allowance for depletion which does not involve a current outlay of funds	85,023	42,765
	1,293,242	1,335,506
Sale of investments	827,956	—
	2,121,198	1,335,506
Application of funds:		
Dividends paid	1,153,129	1,153,129
Tax paid under Section 105(2) of the Income Tax Act	179,140	180,397
Purchase of investments	708,675	131,000
	2,040,944	1,464,526
Net increase (decrease) in uninvested funds	\$ 80,254	\$ (129,020)